

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SAM-01 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06

OES-06 PM-04 H-02 L-03 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 /081 W

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R 291107Z SEP 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 8681

INFO AMEMBASSY BELGRADE

AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMCONSUL OPORTO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

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E.O. 11652: N/A

TAGS: EWWT, PO

SUBJ: MEASURES TO PROTECT PORTUGUESE MERCHANT FLEET

REF: LISBON 3538 (NOTAL)

SUMMARY. GOP IS CONTEMPLATING THE ADOPTION OF TWO MAJOR DECISIONS THAT WOULD AFFECT MERCHANT SHIPPING. FIRST, IT MAY ISSUE AN EXECUTIVE ORDER DIRECTING PUBLIC ENTITIES TO SHIP ON PORTUGUESE VESSELS. SECOND, IT MAY ISSUE A DECREE
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GIVING GOP WIDE POWERS TO INTERFERE WITH ALL CHARTER OPERATIONS.

OFFICIALS OF MAJOR AMERICAN SHIPPING LINE HAVE REPORTEDLY URGED PORTUGUESE TO TAKE STRONGER ROLE IN IBERIAN CONFERENCE, WHICH JUST INCREASED SURCHARGE FOR LEIXOES CARGOES TO 15 PERCENT AND REFUSED SOVIET MEMBERSHIP. END SUMMARY.

1. AS REPORTED IN REFTEL, A PROPOSED DECREE TO PROTECT THE PORTUGUESE MERCHANT MARINE MET SUCH STRONG OPPOSITION THAT IT WAS SHELVED. HOWEVER, THE PORTUGUESE MERCHANT FLEET HAS CONTINUED TO OPERATE AT A HEAVY LOSS. GOP NOW APPEARS TO BE MOVING TOWARD THE ADOPTION OF TWO PROTECTIVE MEASURES:

- NEW MERCHANT MARINE SECRETARY JOAO CRISOSTOMO TEIXEIRA RECENTLY TOLD EMBASSY OFFICERS THAT HE INTENDED TO ISSUE ADMINISTRATIVE ORDER DIRECTING PUBLIC ENTITIES TO UTILIZE PORTUGUESE VESSELS WHENEVER AVAILABLE. HE DEFENDED THIS MEASURE AS SIMILAR TO U.S. REQUIREMENTS FOR GOVERNMENT-FINANCED COMMODITY SHIPMENTS; AND
- MERCHANT MARINE SECRETARIAT HAS REQUESTED SHIPPING AGENTS' COMMENTS ON DRAFT DECREE WHICH WOULD BE APPLICABLE TO PRIVATE AS WELL AS PUBLIC SECTOR SHIPMENTS. DECREE WOULD REQUIRE THAT THE GOP BE NOTIFIED OF ALL CHARTERING OPERATIONS. GOP COULD FORBID A CHARTER IF ANOTHER STATE IS DISCRIMINATING AGAINST FOREIGN VESSELS OR "WHENEVER REASONS OF NATIONAL INTEREST DEMAND IT."

2. IBERIAN SHIPPING CONFERENCE "PRINCIPALS" MEETING WAS HELD IN LISBON IN MID-SEPTEMBER; OWNER'S MEETING WILL FOLLOW IN LONDON WEEK OF OCTOBER 18. ACCORDING TO AMERICAN SHIPPING OFFICIAL ATTENDING LISBON MEETING, PRINCIPAL TOPICS INCLUDED:

- CONGESTION AT LEIXOES (SEE LISBON 6044). AFTER OFFICIAL OF PORTUGUESE NATIONALIZED SHIPPING LINE COMPANHIA DE TRANSPORTES MARITIMOS (CTM) TOLD MEETING THAT LEIXOES WOULD SUFFER FROM CONGESTION FOR NEXT TWO YEARS. CONFERENCE VOTED TO INCREASE CARGO SURCHARGE FOR LEIXOES FROM 10 TO 15 PERCENT. IT ALSO AGREED TO HAVE OWNER'S MEETING VOTE ON AMENDMENT ALLOWING CONTAINERS (REPORTEDLY 70 PERCENT OF U.S.-PORTUGUESE CARGO), WHICH OTHERWISE WOULD HAVE TO BE SENT THROUGH LEIXOES, TO BE SENT BY ROAD TO LISBON FOR TRANSHIPMENT; AND
- SOVIET MEMBERSHIP. ALTHOUGH MOST MEMBERS REPORTEDLY LIMITED OFFICIAL USE

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FELT IT WAS SAFER TO HAVE SOVIETS IN CONFERENCE THAN OUTSIDE, SPANISH LINE CTE REPORTEDLY BLACKBALLED SOVIET MEMBERSHIP.

3. AMERICAN EXPORT LINES (AEL) OFFICIALS, INCLUDING ITS PRESIDENT, MET WITH MERCHANT MARINE SECRETARY AND AMBASSADOR. AEL OFFICIALS URGED GOP AND CTM TO CHANGE CTM'S PASSIVE ROLE IN IBERIAN CONFERENCE. THEY CITED CTM'S

SMALL SHARE (11.6 PERCENT) OF U.S.-PORTUGUESE TRADE, AND FACT THAT CTM HANDLES CARGO NO ONE ELSE WANTS. IN EFFECT, AEL OFFICIALS URGED CTM TO INDICATE THAT GOP WOULD TAKE STRONG MEASURES IF CTM DIDN'T GET LARGER SHARE OF CARGO.

4. BY THESE EFFORTS AEL IS HOPING ALSO TO INCREASE ITS OWN TINY (7.3 PERCENT) SHARE OF U.S.-PORTUGUESE CARGO, WHICH COMPARES WITH ITS FIRST PLACE 24.5 PERCENT SHARE OF U.S.-SPANISH CARGO. AEL HAS OFFERED CTM ITS COOPERATION AND SUGGESTED THE GOP CONSIDER A YUGOSLAV-STYLE REBATE ARRANGEMENT OR FORMATION OF A POOL. IT CITED ITS ARRANGEMENT WITH ISRAELI ZIM LINE, WHICH ALLEGEDLY GIVE AEL 40 PERCENT OF U.S.-ISRAELI CARGO. MERCHANT MARINE SECRETARY WAS REPORTEDLY WARM TO BOTH IDEAS.

5. OTHER SOURCES REPORTEDLY ARE ALSO OFFERING ASSISTANCE TO THE PORTUGUESE. SEPTEMBER 13 "EXPRESSO" REPORTED THAT IN LATE OCTOBER ONE OF VICE-MINISTERS OF SOVIET MERCHANT MARINE (MORFLOT) WILL VISIT LISBON TO DISCUSS POSSIBLE "MUTUAL TECHNICAL ASSISTANCE" TO PORTS AND OCEAN TRANSPORT COMPANIES.

6. COMMENT: U.S. SHIPPING COMPANY (AEL) IN EFFECT IS ENCOURAGING GOP TO TAKE STRONG PROTECTIONIST MEASURES IN OBVIOUS HOPE THAT AEL WILL BENEFIT. HOWEVER, MEASURES BEING CONSIDERED COULD HAVE SERIOUS REPERCUSSIONS ON OTHER U.S. MARITIME INTERESTS. PORTUGAL'S EEC FRIENDS ARE HARDLY LIKELY TO APPRECIATE MEASURES DESCRIBED PARA. 1.

7. ACTION: REQUESTED: REQUEST DEPARTMENT ADVISE WHAT POSTURE EMBASSY SHOULD TAKE TOWARD PROSPECTIVE PRO-LIMITED OFFICIAL USE

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TECTIVE MEASURES.
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